

Elementary & Secondary Education

State Aid to School Districts. One of the primary functions of the Department of Education is to distribute over \$3.5 billion in state aid to the 296 school districts. The full-page table found later in this section outlines the major sources of state, federal and local funding that districts receive. Litigation filed in 1999 by school districts and students dominated the Legislature's discussion of the agency's budget in recent years. However, changes to the state's school finance act and sizeable appropriations made by the 2006 Legislature for FY 2007, FY 2008 and FY 2009, satisfied the state's Supreme Court that sufficient dollars are appropriated for schools and that the funds are distributed on an equitable basis. The Legislature subsequently enacted only minor changes during the 2007 Legislative Session.

Approved School Finance Plan. A year ago, the 2006 Legislature considered numerous options regarding school finance to address the litigation filed against the state, and ultimately enacted SB 549, a \$466.2 million school finance plan phased in over three years (FY 2007-FY 2009). The table on this page outlines this three-year funding plan. Among the changes made by this bill were an increase to the base state aid amount per pupil, an increase to the at-risk student weighting and creation of two new student weightings. The reader should note that each year's funding is added to the previous year.

The bill increased base state aid per pupil by \$59 in the first year, and by another \$58 in FY 2008 and \$59 in FY 2009. In FY 2009, base state aid per pupil will be \$4,433, 4.1 percent higher than what it is in FY 2006. For at-risk students, the additional weighting districts receive under the school finance formula is increased from .193 in the current year to .456 by FY 2009, more than doubling the financial support for these students. The correlation weighting was renamed high enrollment weighting and the threshold was lowered from 1,662 students to 1,637 students in FY 2007 and to 1,622 in FY 2008.

The authority for districts' local option budget was increased last year to 31.0 percent, beginning in FY 2008. In 2007 HB 2368, that authority was

increased to 32.0 percent, which will be in place for one year, FY 2008. The maximum will return to 31.0 percent in FY 2009.

The bill also created a new high-density at-risk student weighting to recognize the effects of higher concentrations of students living in poverty. A formula in the bill assigns ever-increasing weights to districts with higher levels of students who qualify for free meals on the basis of parental income. The weighting costs \$22.7 million.

2006 SB 549 created a non-proficient at-risk student weighting to add money for districts with students who have scored below proficient, but who do not qualify for free meals. Originally created for only the 2006-2007 school year, 2007 Senate Bill 68 made the weighting permanent.

The 2007 Legislature also enacted HB 2159, which allows for a second enrollment count date for districts with sizeable enrollment growth from students who are military dependents. The second count applies for FY 2008 and FY 2009. This change is estimated to cost an additional \$4.0 million in FY 2008 in addition to the amounts noted on the previous page.

2007 HB 2310 will allow those districts which had levied a property tax for a local option budget in school year 2006-2007 to continue to levy a tax in future years as long as it creates the same revenue as was generated in school year 2006-2007, and the district adopts the same local option budget.

HB 2044 enacted during the session renewed the mandatory school district general fund property tax levy at the current 20 mills. The bill also renewed the \$20,000 exemption on residential property from the 20 mills.

The Department of Education, Division of the Budget and Legislative Research Department meet every fall and spring to review changes to substantive law enacted by the Legislature as well as enrollment changes, and property tax estimates.

The table below outlines the state's general state aid obligation for the estimated number of students in each year, including the estimated effect of new legislation enacted this session. The Governor

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issued a budget amendment to reflect the consensus estimates from April, which the Legislature adopted.

Financing. The Governor adjusted the Department's budget to account for the new consensus estimates. She recommended a minor reduction in the current year (\$3,197,000) to account for projected savings from higher property tax collections and slightly lower enrollment and an additional \$764,000 for higher local option budget costs. For FY 2008, the Governor added \$1.3 million for general state aid and \$14.9 million for local option budgets. All amounts are from the State General Fund.

To address changes in how Medicaid reimbursement will be handled for special education students, the Governor also added \$16.1 million from the State General Fund to maintain state aid at the prescribed 92.0 percent of excess costs. The Legislature concurred with all of the Governor's budget amendments for the Department.

The Legislature did not adopt the Governor's recommendation that the state phase-in aid for schools to conduct all-day kindergarten, and removed \$15.0 million from the agency's FY2008 budget.

Instead, the Legislature added \$2.0 million from the State General Fund dollars for a variety of aid programs. For the Parent Education Program, \$250,000 was added to serve additional families, for the career pipeline program to assist students in selecting coursework \$420,120 was added, and \$500,000 was added for the mentor teacher program. After school programs were enhanced by \$400,000, as was the aid to juvenile detention facilities.

The Department distributes state aid from the State Safety Fund, which derives revenues from a portion of driver's license fees. The Legislature increased expenditures for state aid from this fund by \$800,000 and reduced the transfer of monies from this fund to the State General Fund in FY 2008 from \$2.0 million to \$1.7 million.

Finally, the Legislature funded a half-time FTE position at a cost of \$40,558 to administer the bullying prevention, character development

programs and after school programs created by SB 68, explained below.

Other Changes to Public Schools. The Legislature enacted several changes to laws that govern how public schools must operate and programs related to teachers. Districts must adopt anti-bullying policies under SB 68, and may receive assistance from the Department of Education on implementing a character development curriculum. Districts that undergo a disaster and are unable to conduct the state's assessments will not subsequently lose their non-proficient student funding for lack of assessment data.

Newly hired school district employees will be able to receive their first paychecks prior to September under SB 109. With SB 129, schools and law enforcement will have a more manageable timeline in reporting students' violations of the School Safety Act to the Department of Revenue which must afford students a hearing before suspending their driver's license.

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Aid Expendable

Elementary & Secondary Education

The ten-member State Board of Education is given responsibility by the *Kansas Constitution* for general supervision of public schools and educational institutions, except those delegated to the State Board of Regents. Under the guidance of the State Board of Education and the Board's appointed Commissioner of Education, the Department of Education provides funding and program guidance in carrying out federal and state law for 296 unified school districts.

The issue most widely discussed regarding elementary and secondary education has been the *Montoy v. State of Kansas* court case. Legislation was enacted during the 2005 and 2006 Legislative Sessions that greatly increased state funding for aid to schools. The 2006 legislation added \$466.2 million, phased in over three years (FY 2007 – FY 2009). The Supreme Court subsequently dismissed the appeal, finding that the Legislature had responded to concerns that the funding formula failed to provide adequate and equitable distribution of funding for students. The Governor's budget recommendations for FY2007 and FY 2008 fully fund this enhanced school finance formula.

State Aid to School Districts

The state's largest category of expenditure, state aid to school districts, is circulated through various aid programs, including general state aid, through which monies are distributed to school districts on a per pupil basis; supplemental general state aid which is the state's share of the cost for local option budgets; special education; and the employer's cost for teacher retirement benefits through KPERS. The Governor's recommendations in these areas are enumerated below. The cost of educating students enrolled in public schools is divided between local, state and federal resources. Within this section, a full-page table shows the budgeted amounts by major aid program that includes, state, federal and local sources.

Kansas follows a foundation formula, which provides for a base funding amount that is multiplied by a weight for each student. The weight factor varies depending on factors defined in the formula. For example, varying funding levels are provided to

students enrolled in vocational programs and to students enrolled in smaller school districts.

General State Aid. The Governor's budget recommendations for FY 2007 and FY 2008 are based on the estimates agreed upon by the Department of Education, the Division of the Budget, and the Legislative Research Department through the school finance consensus process. A meeting was held in November 2006 and estimates were developed on property tax revenue, student enrollment weightings, and adopted local option budgets. The table below outlines the state's obligation for general state aid in the current and budget years.

General state aid table goes here

Under the law amended by the 2006 Legislature, base state aid per pupil (BSAPP) is \$4,316 for FY 2007. The FY 2007 budget recommendation is based on an estimated enrollment of 591,521.0 weighted pupils, a 4.0 percent increase over the previous year, due primarily to increases in weightings provided for in the formula, as well as more students attending school. In developing new estimates, it was discovered that property taxes generated from the statewide mill levy for support of schools will generate more local effort than previously estimated.

The total Governor's recommendation for FY 2008 for general state aid is \$2,132.3 million, including \$2,103.4 million from the State General Fund and \$28.9 million from the State School District Finance Fund. This level of funding provides for a base state aid per pupil of \$4,374, paid on 614,168.0 weighted students.

The recommendation funds the state's estimated obligation for the year under current law. Funding is continued to maintain the Four-Year-Old At-Risk Program at 6,000 students, the population of children not served by Head Start or other early childhood programs.

The 20.0 mill property tax levy and other local resources will finance 29.8 percent of the school finance obligation in FY 2007, and the State General Fund and other state monies will provide for the

remaining 70.2 percent. For FY 2008, local resources are budgeted to finance 29.5 percent of the costs, with state resources paying 70.5 percent.

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Local Option Budgets. The state's share of local option budgets is paid through supplemental general state aid. As local school boards or district voters allow for the increase in the size of their local option budgets, the state's expenses grow. Districts are allowed to adopt local option budgets up to 30.0 percent of the general fund budget in FY 2007 and up to 31.0 percent in FY 2008; for many years, the maximum was 25.0 percent. State aid is now equalized to the 81.2 percentile; previously it had been equalized to 75.0 percent.

The Governor's current year recommendation includes \$267.4 million to fund the state's share of local option budgets, an increase of \$48.6 million or 22.0 percent from the FY 2006 level, reflecting the change in the maximum allowed, which is applied to the districts' ever larger general fund budgets. This is an increase of \$11.6 million over the approved.

Beginning in FY 2002, school districts were given new authority to channel state aid for special education through the school districts' general fund. This channeling also increases the general fund base upon which the local option budget authority is calculated. As more districts adopted local option budgets, especially those with smaller tax bases, the state's costs have risen. The graph below depicts the remarkable growth in this area of the budget.

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The recommended FY 2008 budget for supplemental general state aid includes \$287.5 million, a \$20.0 million or 7.5 percent, increase over the current year budgeted expenditures.

Special Education Services Aid. For special education services, \$334.1 million from the State General Fund is recommended in FY 2007 and \$356.0 million in FY 2008. It is estimated that state support will cover 92.0 percent of excess costs for 11,920 special education teachers. In the current year, an additional \$11.0 million is recommended to cover

anticipated expenses, as estimated by the Department of Education, Legislative Research Department and Division of the Budget.

Special Education table goes here

Federal support is expected to be \$96.4 million, an increase of only \$500,000 over FY 2007. This level of federal funds provides roughly 14.0 percent of the total expenditures for special education services, as mandated by federal law. Under the Governor's recommendation for FY 2008, it is anticipated that school districts will receive the same level of Medicaid funding for eligible special education students as has been received in the past. Recent audit reports have raised questions whether the federal government will continue to allow for bundled rate reimbursements, and whether Medicaid support will be maintained at similar levels, but that issue has not been resolved. The Governor's recommendation will support services to 80,700 students.

KPERS-School Employer Contributions. Although employees of unified school districts are not state employees, the employer's cost of providing them retirement benefits rests with the state. An annual State General Fund appropriation is made to the Department of Education to cover quarterly payments, requested by KPERS for this cost. In the current year, an additional \$8.7 million is recommended to cover anticipated expenses to the Fund. The Governor's recommendation in FY 2008 for this appropriation is \$218.4 million, a \$26.0 million increase over the current year. As salaries rise at the district level, the state's costs rise proportionately. Also affecting the state's cost for this expenditure are planned increases in the state's contribution rate to the KPERS Fund to ensure future viability of the Fund.

Bond and Interest State Aid. A revenue transfer from the State General Fund of \$62.6 million is included in FY 2007 to aid school districts with bond and interest payments. The capital improvement transfer from the State General Fund in FY 2008 is estimated at \$67.0 million. State law establishes a formula upon which state aid is determined. This amount is transferred from the State General Fund to a special revenue account in the Department for expenditures for affected districts. It is not recorded as a State General Fund expenditure.

Capital Outlay State Aid Demand Transfer. Created by the 2005 Legislature for FY 2006, state aid for capital outlay purchases by schools is budgeted at \$21.3 million in FY 2007 and \$22.4 million in FY 2008. One criticism of the previous school finance law was that districts were allowed to impose a mill levy with no state aid to equalize the funds across school districts. Those districts with lesser tax bases were unable to raise equivalent funds than wealthier districts. This new state aid program equalizes the local mill levy. This is currently the only demand transfer from the State General Fund. As such, it is shown as an expense of the State General Fund.

Department of Education

The Governor's recommended budget in FY 2007 is \$3,307.0 million, of which \$2,833.6 million is from the State General Fund. The FY 2008 recommendation is \$3,498.7 million, with \$3,020.3 million of State General Fund financing. The table on the previous page outlines state, federal, and local support of elementary and secondary education. It does not include operating costs of the Department of Education itself, which are \$33.4 million in FY 2008.

Developing a Qualified Teaching Workforce. For several years, no state funding of professional development aid was provided as a result of financial difficulties. Professional development activities help educators improve their teaching skills and enhance student achievement. Research studies show that between 20.0 to 40.0 percent of the variation of student achievement is attributable to teacher expertise. For FY 2008, the Governor again recommends funding this state aid program at \$1.75 million. Requests for state aid are dependent on a written plan submitted by the district and approved by the State Board of Education.

To assist teachers in their first year of serving in the classroom, \$1,000 bonuses are continued for those senior teachers who serve as mentors to new teachers under the state's mentoring program. The Governor recommends slightly increasing this program to \$1.1 million in FY 2007 and to \$1,150,000 in FY 2008, all from the State General Fund.

In addition to addressing needs of new teachers, the Governor continues support for the National Board

Certification Program for the state's finest experienced teachers. Several years ago, the Department of Education and Emporia State University collaborated to establish a program promoting teacher excellence through meeting standards established by the National Board for Professional Teaching Standards. National Board Certification is voluntary and open to all teachers who have a baccalaureate degree and three years of classroom experience in either a public or private school.

Teachers who attain National Board Certification receive a master teacher's certificate from the State Board, valid for ten years, and a bonus of \$1,000 in each of those ten years. In the program's first year, the Department of Education received \$40,000 to provide 40 scholarship grants of \$1,000 each to teachers to pay one-half the cost of participation. Teachers and their school districts provided the other half. Federal resources were tapped through the National Board to help defray a portion of the teacher's responsibility.

With the success of this program, funding for this program is recommended at \$274,000 in FY 2007 and \$277,000 in FY 2008. It is anticipated that 277 bonus awards for teachers who are certified and for those seeking certification will be paid. Professional certification takes the next step to provide assurance of high-quality practice.

The Governor also recommends creation of a Leadership Commission with a budget of \$100,000 from the State General Fund to promote increased student and staff performance, create a cohesive and comprehensive educational leadership plan for the state. The plan would encompass issues of teacher preparation and licensure, continuing education and practice in the classroom.

Also included is \$325,000 in both years from the State General Fund for the Teachers' Performance Assessment which is part of the Department's ongoing updates to the teacher licensure program. Funding this program from the State General Fund keeps teachers' licensure fees from increasing. The Governor also added State General Fund monies to the Board of Regents budget to add scholarships for teaching students and to create a new program for competitive grants on innovations with attracting and retaining teachers. These programs are outlined in further detail in the Higher Education section of this volume.

Enterprise Data Warehouse. In an effort to meet the reporting requirements of the federal No Child Left Behind legislation and reduce the administrative burden on school districts, the Department of Education is developing an Enterprise Data Warehouse. The system will integrate approximately 80 major databases in the agency to improve the utility, accuracy, reliability and timeliness of the Department's data, guide decision making, foster data sharing, and position the Department to implement growth modeling. Growth modeling will allow the state to measure the academic progress of individual students longitudinally to ensure that all Kansas children learn what is expected of them. In support of this project, \$786,137 in FY 2007 and \$837,099 in FY 2008 are included in the agency's operating budget.

Developing Teachers' Skills. For several years, no state funding of professional development aid was provided as a result of the state's financial difficulties. Professional development activities help educators improve their teaching skills and enhance student achievement. Research studies show that between 20.0 to 40.0 percent of the variation of student achievement is attributable to teacher expertise. For FY 2007, the Governor again recommends increasing this state aid program. It is to be funded at \$3.0 million, a \$2.0 million increase over the current year. Requests for state aid are dependent on a written plan submitted by the district and approved by the State Board of Education.

To assist teachers in their first year of serving in the classroom, \$1,000 bonuses are continued for those senior teachers who are mentors to the new teachers under the state's mentoring program. The Governor maintains \$1.0 million in FY 2007 for this program, all from the State General Fund.

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and Emporia State University collaborated to establish a program promoting teacher excellence through meeting standards established by the National Board for Professional Teaching Standards. National Board Certification is voluntary and open to all teachers who have a baccalaureate degree and three years of classroom experience in either a public or private school. Teachers who attain National Board Certification receive a master teacher's certificate from the State Board, valid for ten years, and a bonus of \$1,000 in each of those ten years. In the program's first year, the Department of Education received \$40,000 to provide 40 scholarship grants of \$1,000 each to teachers to pay one-half the cost of participation. Teachers and their school districts provided the other half. Federal resources were tapped through the National Board to help defray a portion of the teacher's responsibility.

With the success of this program, funding for this program is recommended at \$317,974 in FY 2007 and \$302,500 in FY 2008. Included in these amounts from the State General Fund is \$274,000 in FY 2007 and \$277,025 in FY 2008. It is anticipated that 245 bonus awards for teachers will be paid to those who are certified, and 59 scholarship payments will be made for those seeking certification or recertification. Professional certification takes the next step to provide high-quality teaching.

Parent Education. For FY 2008, the Governor recommends continued funding for the state's program to assist parents. State funding of \$7.3 million is financed by the State General Fund. The program's local match has been stepped down from 100.0 percent to 65.0 percent to make the program more attractive to school districts. The Parent Education Program provides expectant parents and parents of infants and toddlers with advice and resource materials related to parenting skills, positive approaches to discipline, and development of self-esteem.

Juvenile Detention Facilities. The state provides special support to meet the educational needs of students housed in juvenile detention facilities and a variety of other alternative juvenile placements, such as the Flint Hills Job Corps Center. School districts receive aid based on twice the base state aid per pupil or the actual expenses of providing the educational services, whichever is less. In FY 2007, the Governor provides \$7.5 million from the State General Fund.

Additional students in the state and the higher base state aid amount both increase the amount of monies distributed through this aid program. Funding is held at this same level in FY 2008, pending future enrollment data for this group of students.

Miscellaneous Grants. Included in the budget of the Department of Education are several pass-through grants to local organizations. The Governor recommends state funding of \$50,000 for the Communities in Schools Program, a drop-out prevention program. Continued support from the Children's Initiatives Fund of \$300,000 is provided in FY 2008 for the optometric services to students needing vision correction to improve learning. The Governor also recommends \$10,000 from the State General Fund for the school safety hotline, \$35,000 for Agriculture in the Classroom, and \$505,000 for grants to be distributed at the discretion of the State Board.

Student Assessments. The 1992 School District Finance and Quality Performance Act mandated state accreditation of schools based on outcomes for school improvement and student performance established by the State Board of Education. Consistent with this act, the State Department of Education has made it a goal for all schools to demonstrate continuous improvement in student learning. State student assessments are to be administered at three grade levels as determined by the State Board and that curriculum standards must be reviewed at least every three years.

New standards have been adopted by the State Board of Education in recent years for reading, writing, mathematics, science, and social studies. Assessments based on the new standards in counseling, science, social studies, music and physical education are being reviewed and rewritten in the current year. The Governor's budget provides \$6.3 million for administration of student assessments in FY 2008.

No Child Left Behind (NCLB) Act. The latest reauthorization of the Elementary and Secondary Education Act signed in 2002 embodies four key principles—accountability for results; greater flexibility for states and school districts in the use of federal funds; more choices for parents; and an emphasis on teaching methods that have been demonstrated to work. The act also places an increased emphasis on reading, especially for young children, enhancing the

quality of our nation's teachers, and ensuring that all children in America's schools learn English.

Under NCLB, a unitary accountability system must apply to all schools. State assessments must be the same for all students, aligned to state standards, provide accommodations to those who need them, and an alternate assessment for students with disabilities who cannot participate in the regular assessment. State, district and school performance is measured according to adequate yearly progress (AYP) toward the ultimate goal of 100.0 percent of students proficient in reading and mathematics by 2013-2014. NCLB prescribes a set of escalating consequences for schools that do not meet AYP.

The law requires each state to test every child every year from grade three through eight in reading and math and one year in the tenth through twelfth grade span. Federal funding is provided for states to design and implement tests, but not to administer them.

The Act affects virtually every program authorized under the Elementary and Secondary Education Act—ranging from Title I and efforts to improve teacher quality to initiatives for limited English proficient (LEP) students and safe and drug-free schools. The Department of Education continues to work with school districts to ensure Kansas complies with all aspects of the new federal law. The Act is up for reauthorization in 2007.